

News Release

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City Council OKs utility rate to new businesses

RIVERSIDE, Calif. – Businesses that move to the City of Riverside could receive a 40 percent break on their electricity bills in the first year of operation and a 20 percent rate reduction in the second year under the terms of a renewed economic development rate structure approved Tuesday by Riverside City Council.

The economic development rate structure also extends new benefits to high-technology and “green” businesses that locate in Riverside and creates a business retention rate for existing customers. The changes are part of an enhanced economic development effort by the city and Riverside Public Utilities, which provides water and electricity to Riverside homes and businesses.

“This is another way that Riverside Public Utilities can enhance our ability to positively influence the local economy,” General Manager David Wright said. “This is really going to provide strong incentives for companies to locate in Riverside and for existing companies to stay here.”

The economic development rate calls for a four-year commitment that includes a 40 percent rate reduction in the first year and a 20 percent reduction in the second year. The business retention rate calls for a 25 percent reduction in the first year and a 15 percent reduction in the second year of the four-year program.

The business retention rate begins after a customer completes the application process. The economic development rate is scheduled to take effect on Oct. 1.

The city previously had an economic development rate but suspended it in December 2006 pending improvements to the utility's electric load and import capabilities. The planned completion of 96 MW of internal power generation at units 3 and 4 of the Riverside Energy Resource Center this fall will ensure sufficient power delivery capability to enable Riverside Public Utilities to offer the rate again.

The reductions are concentrated in the first two years to ensure new businesses receive the maximum benefit early, when their relocation, permitting and start-up costs are highest. Focusing the discounts on the first two years also prevents a new business from obtaining a long-term competitive advantage over an existing business.

The new rate structure is consistent with the city's overall vision for its economic development, which calls for encouraging local job growth and expanding the city's tax base. Targeting high-technology firms and green technology/manufacturing companies was a centerpiece of "Seizing Our Destiny: The Agenda for Riverside's Innovative Future," approved by the Riverside City Council.

"This is a good thing that hopefully will help Riverside come out of the recession a bit sooner," said Ian Davidson, a local landscape architect and member of the city's Board of Public Utilities, which had previously approved the new rate structure unanimously.

"We support this item because of its proactive approach to attracting and retaining businesses and good-paying jobs," said Ed Konjoyan, vice president of a local realty company, at the council meeting. "That's to be commended in these tough economic times."

The business retention rate for mid- and off-peak usage is designed to help reduce the impact of the prolonged economic downturn on existing businesses that could result if an existing large industrial user of electricity relocates outside the Riverside Public Utilities service area. The new rate structure targets large, industrial-sized customers because their large electric loads help reduce overhead costs for all utility customers.

The economic development rate is expected to apply to four types of potential customers: new customers with a monthly power demand of at least 500 kilowatts; existing customers that increase their monthly demand by 150 kW or 20 percent, whichever is greater; new research, development or technology companies; and new "green" businesses.

Customers must formally agree to create jobs, invest capital or generate taxable sales. If a customer receiving the economic development rate terminates service during the agreement, the customer will be required to pay the city the full amount of the discounted rate.

"There's no down side, there's only up," said Ward 3 Councilmember Rusty Bailey.

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Established in 1895, Riverside Public Utilities is a consumer-owned water and electric utility governed by a board of nine community volunteers that provides high quality, reliable services to over 107,000 metered electric customers and 63,400 metered water customers throughout the City of Riverside. The Utility is committed to increased use of renewable energy resources and sustainable living practices that help reduce environmental impacts within the City of Riverside and the state of California.

www.RiversidePublicUtilities.com

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